ALPETRO
RESOURCES LTD.

2004 ANNUAL REPORT
&
INFORMATION CIRCULAR

ALPETRO RESOURCES LTD.

#2240, 444 - 5th Avenue S.W.
Calgary, Alberta T2P 2T8

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the "Meeting") of holders of common shares of ALPETRO RESOURCES LTD. (the "Corporation") will be held at Suite 2240, 444 - 5th Avenue S.W., Calgary, Alberta, at 10:00 a.m. (local Calgary time) on Friday, May 27, 2005, for the following purposes:

1. to receive and consider the financial statements of the Corporation for the financial year ended December 31, 2004, and the auditors' report thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at five (5);
3. to elect the Board of Directors of the Corporation for the ensuing year;
4. to appoint auditors of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditors' remuneration;
5. to consider, and if thought fit, to pass an ordinary resolution re-approving the Stock Option Plan of the Corporation and to authorize the directors of the Corporation to make any amendments thereto that may be required for the purpose of obtaining the approval of any regulatory authorities as more particularly described in the accompanying Management Information Circular dated April 19, 2005; and
6. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

DATED at the City of Calgary, in the Province of Alberta, this 19th day of April, 2005.

BY ORDER OF THE BOARD OF DIRECTORS

"Nazrul Islam"
NAZRUL ISLAM
President, Chief Executive Officer and Director

IMPORTANT

It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend and would like your shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be received by Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, at least two (2) local business days prior to the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

April 22, 2005

REPORT TO SHAREHOLDERS

Energy for the future was the vision when Alpetro Resouces Ltd. emerged as a publicly traded company in 1994. Although we are a small company we saw big potential. As Alpetro Resources grows, we intend to bring forward new ideas and innovative strategies, which we can turn into measurable outcomes with favorable results for shareholders.

Alpetro Resources has two operated core oil and gas properties, which are located in the Nevis and Nipisi areas of Alberta. The company maintains a focus on exploration and development projects in conjunction with an ongoing search for quality acquisitions and drilling participation.

As of today, the total production from the Nevis 5-1-39-23 W4 and 4-1-39-23 W4 wells which were tied to the nearby Advantage battery at 7-2-39-23 W4 is 16 barrels of oil and 233 mcf of gas per day from the Glauconite Zone.

The Nipisi 7-30-80-9 W5 well showed substantial decline in production with a 67% water-cut during the first quarter of 2005 and its current production is 35 barrels of oil per day.

Alpetro's non-operated oil and gas properties are concentrated in the Chigwell, Joffre, Pembina, Long Coulee, Manyberries, and Riviere areas of Central Alberta.

Alpetro's total net production for the year ended December 31, 2004 averaged 180 mcf/d of natural gas, 53 barrels per day of oil, and 2 barrels per day of NGLS.

Alpetro's oil and gas revenues were increased to $1,175,484.00 compared to $1,051,890.00 in 2003. The increase is due to higher oil and gas prices in the year 2004.

The outlook for Alpetro Resources Ltd. is very positive.

Alpetro's Board of Directors recognizes that shareholders expect high standards of disclosure, and will continue to provide assurance about the integrity of Alpetro's reported performance in accordance with evolving regulatory requirements.

Alpetro's Management and Board of directors thank you for your continued support and advice.

On Behalf of the Board of Directors,

"Nazrul Islam"
Nazrul Islam
President and Chief Executive Officer

April 22, 2005

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On Behalf of the Board of Directors,

"Nazrul Islam"
Nazrul Islam
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") for Alpetro Resources Ltd. ("Alpetro") should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2004. The following discussion and analysis is provided by the management of Alpetro Resources Ltd. and was prepared on April 20, 2005. The Company's audited financial statements, 2004 Annual Report and other disclosure documents are filed on SEDAR and can be accessed at www.sedar.com and also on the Company's website at www.alpetroresources.com.

Alpetro Resources Ltd. is an independent public company engaged in the acquisition, exploration, development and production of crude oil and natural gas in Alberta since October 1994.

Alpetro's operations are concentrated in the Chigwell, Joffre, Pembina, Long Coulee, Manyberries, Nevis and Riviere areas of central Alberta and the Nipisi area of northern Alberta. Production for the year ended December 31, 2004 averaged 180 mcf/d of natural gas, 53 barrels per day of oil and 2 barrels per day of NGLS.

Forward-Looking Statements

Certain information regarding Alpetro set forth in this report, including management's assessment of the Company's future plans and operations, contain forward-looking statements that involve substantial known and unknown risks and uncertainties. By their very nature, these forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Alpetro's control.

The business of exploring, developing and producing oil and natural gas reserves involves substantial financial, operational and regulatory risk that have the potential to significantly affect Alpetro's results.

Operationally, there is substantial exploration risk related to the human and capital resources allocated to find oil and natural gas reserves in economic quantities. Forecast production from oil and natural gas reservoirs may decline more quickly than anticipated, resulting in lower cash flow and lower reserve recovery.

Alpetro's operations are subject to extensive environmental controls and regulations by various levels of government and there is the risk that future changes in government policy could adversely impact Alpetro's profitability.

Alpetro mitigates these risks by hiring qualified personnel, focusing operational efforts in geographic areas with high-quality reservoirs where the Corporation has existing knowledge and expertise, access to third party facilities and when appropriate, undertake a certain portion of activities jointly with industry partners.

Accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what the impact to Alpetro will be.

Business Environment

The oil and gas industry enjoyed a period of strong cash flows and earning due to relatively high oil and gas prices. Oil prices increased dramatically due to political instability in producing countries abroad, low U.S. inventories and in areas in demand, especially in emerging global economies. Canadian natural gas prices weakened slightly in the last half of 2004 due to high storage levels caused by industry activity and mild summer and fall weather that decreased demand.

Critical Accounting Estimates

The Company follows the full cost method of accounting whereby all costs related to the acquisition, geological and geophysical expenditures, costs of drilling both productive and non-productive wells and related equipment costs.

Oil and Natural Gas Reserves

The Company prepares its reserves in accordance with National Instrument 51-101, the new standards of disclosure for oil and gas activities. The oil and gas reserve estimates are also made using all available geological and reserve data as well as historical production data. Estimates are reviewed and revised as appropriate. Revisions occur as a result of changes in prices, costs, fiscal regimes, reservoir performance or a change in the Company's plans.

Insurance

The Company's involvement in the exploration for and development of oil and gas properties may result in Alpetro becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although Alpetro has obtained general liability insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insured or, in certain circumstances, Alpetro may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. This payment of such insured liabilities would reduce the funds available to Alpetro. The occurrence of significant event that Alpetro is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Alpetro's financial position, results of operations on prospects.

Stock-Based Compensation

Under the Company's stock option plan, options to purchase common shares are granted to directors, officers and employees at current market prices. Options issued by the Company are accounted for in accordance with the fair value method of accounting for stock-based compensation.

Corporate Matters

To date, Alpetro has not paid any dividends on the Alpetro shares and may not pay dividends on the Alpetro shares in the future. Certain of the directors and officers of Alpetro are also directors and officers of other oil and gas companies involved in natural resources exploration and development, and conflicts of interest may arise between their duties as officers and directors of Alpetro and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with the Business Corporation Act (Alberta) and are subject to applicable procedure and remedies.

Non-GAAP Measurements

Within the Management Discussion and Analysis references are made to terms commonly used in the oil and gas industry. Cash flow and cash flow per share are not defined by GAAP in Canada and are referred to as non-GAAP measures. Cash flow represents funds from operations as detailed on the Consolidated Statements of Cash Flows. Cash flow per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income per share.

Basis of Presentation

The financial data presented below has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The reporting and the measurement currency is the Canadian dollar. For the purpose of calculating unit costs, natural gas is converted to a barrel equivalent ("boe") using six thousand cubic feet of natural gas equal to one barrel of oil unless otherwise stated.

Production Volumes

Production for the year ended December 31, 2004 was 85 boed, in comparison to 86 boed in 2003. The decrease is due to the abandonment of the Nipisi 6-30 well in the early of 2004.

Crude oil and NGLs sales volumes for the year ended December 31, 2004 are 55 boed compared to 63 boed in the same period of 2003.

Natural gas production for the year ended December 31, 2004 increased 30 percent to 180 mcf/day from 137 mcf/day in the same period of 2003. The increase is due to higher natural gas production from the Nevis 5-1-39-23W4 well.

Production	**2004**	**2003**	**Q3 2004**	**Q3 2003**
Crude Oil/barrels/day	55	63	66	52
Natural Gas/mcf/day	180	137	107	126
Total (boed 6:1)	**85**	**86**	**84**	**73**

Revenues

Oil and gas revenues, net of royalties from the year ended December 31, 2004, totaled $1,175,484, an increase of 11 percent from $1,051,890 in the same period of 2003.

Expenses

Operating expenses of $300,332 for the year ended December 31, 2004 increased 14 percent from $257,056 in the same period of 2003. The principal reason for the increase was due higher expenses related to workovers.

General and administrative expenses for the year ended December 31, 2004 marginally increased to $208,135 from $183,627 in the same period of 2003.

Amortization, depletion and accretion expense was $356,512 for the period ended December 31, 2004, an increase of 27 percent from $260,256 in the same period of 2003. The increase is associated with higher finding and development costs.

Alpetro did not buy or sell any commodity or currency hedges in 2004.

Net Income

Net income before taxes from the period ended December 31, 2004 was $310,505 compared to $350,952 in the same period of 2003.

Income Taxes

The determination of the Company's income and other tax liabilities requires interpretation of complax laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after considerable lapse of time. Accordingly the actual income tax liability may differ significantly from the liability estimated and recorded.

Income taxes for the period ended December 31, 2004 totaled $147,096, compared to $163,888 in the same period in 2003.

Cash Flow

Cash flow from operations for the period ended December 31, 2004 was $465,162 compared to $451,896 in the same period of 2003.

Royalties

Royalties which include Crown and Freehold net of Alberta Royalty Tax Credit for the year ended December 31, 2004 increased to $310,929 from $234,165 in the same period of 2003. The increase is the result of the increased production in 2004.

Corporate Outlook

The outlook for Alpetro Resources Ltd. is very positive. The Company will fund future development costs from a number of sources including internally generated funds from operations, debt financing and or equity financing, if available on favorable terms. We have budgeted a $4.0 million dollar acquisition program for the year 2005 that will be funded partially by the bank as a loan and proceeds of private placements. The Corporation has an overdraft limit and a demand revolving facility with Canadian Western Bank for $1,000,000.00 which reduces by $15,000 per month.

Management's Report

Management, in accordance with Canadian generally accepted accounting principles, has prepared the accompanying financial statements of Alpetro Resources Ltd. Financial and operating information presented throughout this Annual Report is consistent with that shown in the financial statements.

Management is responsible for the integrity of the financial information. Internal control systems are designed and maintained to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

Hudson & Company LLP were appointed by the Company's Board of Directors to perform an examination of the corporate and accounting records so as to express an opinion on the financial statements. Their examination included a review and evaluation of the Company's internal control systems and included such test and procedures, as they considered necessary, to provide a reasonable assurance that the financial statements are presented fairly in accordance with Canadian generally accepted accounting principles.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee, with assistance from the Reserve Committee regarding the annual evaluation of our petroleum and natural gas reserves. The Audit Committee meets regularly with management and the independent auditors to ensure that management's responsibilities are properly discharged, to review the financial statements and recommend that the financial statements be presented to the Board of Director's for approval. The Audit Committee also considers the independence of the external auditors and reviews their fees. The external auditors have access to the Audit Committee without the presence of management.

"Nazrul Islam"
NAZRUL ISLAM
President and Chief Executive Officer

"Robin Chan"
ROBIN CHAN
Chief Financial Officer

ALPETRO RESOURCES LTD.
FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

AUDITORS' REPORT

To: The Shareholders of
Alpetro Resources Ltd.

We have audited the balance sheets of **Alpetro Resources Ltd.** (the "Company") as at December 31, 2004 and 2003 and the statements of operations, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
March 9, 2005

HUDSON & COMPANY LLP
Chartered Accountants

ALPETRO RESOURCES LTD.
BALANCE SHEETS

DECEMBER 31		2004	2003 (restated)
ASSETS			
CURRENT			
Cash	$	951,180 $	485,579
Accounts receivable		202,629	297,269
Prepaid expenses		8,318	3,401
		1,162,127	786,249
CAPITAL ASSETS (note 3)		974,467	1,254,562
FUTURE INCOME TAXES (note 4)		9,491	-
	$	2,146,085 $	2,040,811
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	$	264,418 $	257,028
Income taxes payable		43,519	74,736
		307,937	331,764
FUTURE INCOME TAXES (note 4)		-	45,268
ASSET RETIREMENT OBLIGATION (note 5)		75,016	64,056
		382,953	441,088
SHAREHOLDERS' EQUITY			
SHARE CAPITAL (note 6)		425,592	425,592
RETAINED EARNINGS		1,337,540	1,174,131
		1,763,132	1,599,723
	$	2,146,085 $	2,040,811

Lease commitments (note 8)

Approved on behalf of the Board

Director *"Robin Chan"*

Director *"Nazrul Islam"*

ALPETRO RESOURCES LTD.
STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31		2004		2003 (restated)
REVENUE	$	1,175,484	$	1,051,890
EXPENSES				
Amortization, depletion and accretion		356,512		260,256
Operating		300,332		257,056
General and administration		208,135		183,626
		864,979		700,938
EARNINGS BEFORE INCOME TAXES		310,505		350,952
INCOME TAX (RECOVERY) (note 4)				
Current		201,855		159,312
Future		(54,759)		4,576
		147,096		163,888
NET EARNINGS	$	163,409	$	187,064
BASIC AND DILUTED EARNINGS PER SHARE (note 9)	$	0.029	$	0.033

ALPETRO RESOURCES LTD.
STATEMENTS OF RETAINED EARNINGS

YEARS ENDED DECEMBER 31	2004	2003 (restated)
RETAINED EARNINGS, beginning of year		
As previously stated	$ 1,140,764	$ 945,168
Effect of change in accounting policy (note 7)	33,367	41,899
As restated	1,174,131	987,067
Net earnings	163,409	187,064
RETAINED EARNINGS, end of year	$ 1,337,540	$ 1,174,131

ALPETRO RESOURCES LTD.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31	2004	2003 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 163,409	$ 187,064
Items not affecting cash		
Amortization and depletion	356,512	260,256
Future income taxes	(54,759)	4,576
	465,162	451,896
Changes in non-cash working capital items (note 10)	65,893	109,788
	531,055	561,684
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of capital assets	(65,454)	(168,352)
CHANGE IN CASH POSITION	465,601	393,332
CASH, beginning of year	485,579	92,247
CASH, end of year	$ 951,180	$ 485,579
OTHER INFORMATION		
Interest paid	$ -	$ 1,920
Income taxes paid (recovered)	199,863	(27,148)

1. NATURE OF OPERATIONS

Alpetro Resources Ltd. (the "Company") was incorporated under the Business Corporations Act of Alberta. Its principal business activity is participation in various oil and gas properties in Alberta.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using the historical cost basis in accordance with Canadian generally accepted accounting principles. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are capital assets, asset retirement obligations, and depletion, amortization and accretion expense.

Cash

Cash is comprised of balances with banks.

Capitalized costs

The Company follows the full cost method of accounting whereby all costs related to the acquisition and development of oil and gas reserves are initially capitalized. Such costs include lease acquisition costs, geological and geophysical expenditures, lease rentals on non-productive properties, costs of drilling both productive and non-productive wells, equipment costs and general and administrative expenses applicable to these activities.

Costs of acquiring and evaluating unproved properties are initially excluded from the costs subject to depletion and amortization. These properties are assessed regularly to ascertain whether impairment has occurred. When production commences or the property is considered to be impaired, the cost of the property or the amount of impairment is added to the costs subject to depletion and amortization.

Proceeds from disposal of properties will normally be applied as a reduction of the cost of the remaining assets unless the disposal results in a change in the depletion rate by more than twenty percent in which case a gain or loss on disposal will be recorded.

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

Amortization and depletion

Depletion of exploration and development costs and amortization of production equipment is provided using the unit-of-production method based upon estimated net proven petroleum and natural gas reserves before the deduction of royalties. The costs of significant unevaluated properties are excluded from costs subject to depletion. For depletion and amortization purposes, relative volumes of petroleum and natural gas production and reserves are converted to equivalent oil on the basis of six thousand cubic feet of natural gas being equivalent to one barrel of oil.

Office equipment is amortized on a declining-balance basis at twenty percent per annum.

Asset retirement obligations

Effective January 1, 2004, the Company retroactively adopted the Canadian accounting standard for accounting for asset retirement obligations as outlined in the CICA Handbook section 3110. The standard requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The present value of the estimated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. The amortization of the capitalized asset retirement cost will be determined on a basis consistent with amortization and depletion. With the passage of time, accretion will increase the carrying amount of the asset retirement obligation. Previously, the Company used the unit of production method to match estimated future retirement costs with the revenues generated from the producing assets. The impact of this change has been disclosed in note 7.

Ceiling test

Effective January 1, 2004 the Company adopted Accounting Guideline 16, "Oil and Gas Accounting – Full Cost" ("AcG-16"), which replaces Accounting Guideline 5, "Full Cost Accounting in the Oil and Gas Industry". AcG-16 modifies how the ceiling test is performed and is consistent with CICA Handbook section 3063, "Impairment of Long-lived Assets". The recoverability of a cost centre is tested by comparing the carrying value of the cost centre to the sum of the undiscounted cash flows expected from the cost centre's use and eventual disposition. If the carrying value is unrecoverable the cost centre is written down to its fair value using the expected present value approach. This approach incorporates risks and uncertainties in the expected future cash flows which are discounted using a risk free rate. The adoption of AcG-16 had no effect on the Company's financial results.

Joint ventures

A portion of the Company's exploration, development and production activities are conducted jointly with others and, accordingly, these financial statements reflect only the Company's proportionate interest in such activities.

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

Revenue recognition

Revenues associated with sales of crude oil, natural gas, and natural gas liquids are recorded when the products are delivered. Delivery occurs when the customer has taken title and has assumed the risks and rewards of ownership, prices are fixed or determinable and collectibility is reasonably assured. Royalty revenues are recognized when they become receivable. The Company does not enter into ongoing arrangements whereby it is required to repurchase its products, nor does the Company provide the customer with a right of return.

Future income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between financial reporting and income tax bases of assets and liabilities, and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future tax assets and liabilities of a change in tax rates is recognized in net income in the period in which the change occurs.

Earnings per share

The Company follows the treasury stock method of calculating diluted earnings per share. Under this method, the exercise of options is assumed to have occurred at the beginning of the period and the related common shares are assumed issued at the exercise price.

The proceeds from the exercise are assumed to have been used to purchase common shares of the Company for cancellation at the average market value price during the period. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted earnings per share calculation.

3. CAPITAL ASSETS

	2004		
	Cost	Accumulated Amortization	Net
Office equipment	$ 40,611	$ 24,376	$ 16,235
Petroleum and natural gas properties	2,061,127	1,356,704	704,423
Production equipment	693,534	439,725	253,809
	$ 2,795,272	$ 1,820,805	$ 974,467

	2003 (restated)		
	Cost	Accumulated Amortization	Net
Office equipment	$ 39,561	$ 19,364	$ 20,197
Petroleum and natural gas properties	2,045,873	1,101,901	943,972
Production equipment	644,381	353,988	290,393
	$ 2,729,815	$ 1,475,253	$ 1,254,562

4. INCOME TAXES

a) The components of future income tax balances are as follows:

	2004	2003 (restated)
Future income tax asset		
Asset retirement obligation	$ (28,221)	$ (26,019)
Future income tax liability		
Capital assets	18,730	71,287
	$ (9,491)	$ 45,268

4. INCOME TAXES, continued

b) The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 37.62% (2003 - 40.62%) to the earnings for the years as follows:

	2004	2003 (restated)
Earnings for the year before income taxes	$ 310,505	$ 350,952
Anticipated income tax expense	$ 116,812	$ 142,557
Non-deductible crown payments	91,707	88,509
Resource allowance	(56,610)	(58,335)
Alberta Royalty Tax Credit	(5,304)	(3,226)
Other	491	(5,617)
Provision for income taxes	$ 147,096	$ 163,888

5. ASSET RETIREMENT OBLIGATION

The estimated cash flows of asset retirement obligations have been discounted at six percent. The total undiscounted amount of the estimated cash flows required to settle the obligations is $134,000. Payments to settle the obligation occur on an ongoing basis and will continue over the lives of the operating assets, which is estimated to be ten years.

The following table reconciles the Company's total asset retirement obligations:

	2004	2003 (restated)
Balance, beginning of year:	$ 64,056	$ 61,142
Accretion expense	10,960	2,914
Balance, end of year	$ 75,016	$ 64,056

6. SHARE CAPITAL

a) Authorized

Unlimited first preferred shares
Unlimited second preferred shares
Unlimited common shares

b) Issued

	2004		2003	
	Issued	Amount	Issued	Amount
Common shares outstanding at December 31, 2004, 2003 and 2002	5,675,000 $	425,592	5,675,000 $	425,592

c) Stock options

There were no issuances of stock options in the years ended December 31, 2004 and 2003, accordingly no information regarding stock based compensation is disclosed.

Under the Employee Stock Option Plan, the Company may grant options to its employees, directors and officers for up to 10% of the total number of issued and outstanding shares of the Company with the maximum number of common shares optioned to any one optionee not to exceed 5% of outstanding common shares. The plan allows certain employees to purchase shares of the Company at a fixed price at any time up to a fixed date, as detailed below:

The following table summarizes the options outstanding and exercisable at December 31, 2004 and 2003.

Options outstanding	Exercise price	Options exercisable at December 31, 2004	Expiry date
510,000	$ 0.16	510,000	June 7, 2006

7. CHANGE IN ACCOUNTING POLICY

The following details the effects of the change in accounting policy for asset retirement obligations on the statement of operations, for the year ended December 31, 2003:

	As originally reported	Change	Restated balance
Amortization, depletion and accretion	$ 246,300	$ 13,956	$ 260,256
Provision for future site restoration	10,000	(10,000)	-
Future income tax expense	-	4,576	4,576
Net income	195,597	(8,533)	187,064

The following details the effect of the change in accounting policy for asset retirement obligations on the balance sheet, as at December 31, 2003:

	As originally reported	Change	Restated balance
Capital assets	$ 1,204,462	$ 50,100	$ 1,254,562
Asset retirement obligations	-	64,056	64,056
Site restoration liability	78,205	(78,205)	-
Future income tax liability	14,386	30,882	45,268
Retained earnings	1,140,764	33,367	1,174,131

8. LEASE COMMITMENTS

The Company's total obligation, under a property lease agreement, exclusive of occupancy costs, is as follows:

2005	$ 28,882

9. EARNINGS PER SHARE

Basic earnings per share is calculated using the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated to reflect the dilutive effect of stock options outstanding. Because the average share price during 2004 was below the exercise price of the options, there is no dilutive effect. Earnings per share is calculated as follows:

		2004				2003
	Net earnings	Shares	Earnings per share	Net earnings	Shares	Earnings per share
Basic and diluted	$ 163,4	5,675,00	$ 0.0	$ 187,0	5,675,00	$ 0.0

10. STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	2004	2003 (restated)
Accounts receivable	$ 94,640	$ (28,466)
Prepaid expenses	(4,917)	-
Accounts payable and accrued liabilities	7,387	(48,206)
Income taxes	(31,217)	186,460
	$ 65,893	$ 109,788

11. BANK CREDIT FACILITY

The Company has an overdraft limit and a demand revolving facility with the Canadian Western Bank, to be used for development and acquisition of petroleum and natural gas properties and related assets. At December 31, 2004, the credit facility available was $1,000,000 (2003 - $586,000). The available amount of the facility is reduced by a minimum of $15,000 per month. The balance of the facility was $nil at both December 31, 2004 and 2003.

This credit facility is secured by a fixed and floating charge debenture over all assets, a general security agreement and a general assignment of book debts. The facility bears interest at prime plus 1.50% payable monthly.

12. FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of accounts receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities, which will result in future cash outlays. In management's opinion, the Company's carrying values of these instruments approximate their fair values due to the immediate or short-term maturity.

The Company is exposed to credit risk from customers. During 2004, three customers comprised the majority of the Company's oil and gas revenue and accounts receivable. Since these sales could be made to other buyers on terms that would allow the reporting entity to continue as a viable economic entity, the economic dependency on these customers is minimized.

The nature of the Company's operations result in exposure to fluctuations in commodity prices, exchange rates and interest rates. The Company does not use derivative financial instruments to manage its exposure to these risks.

13. SUBSEQUENT EVENTS

On March 5, 2005, the Company entered into a non-binding letter of intent to purchase 100% of the issued and outstanding common shares of a private company, which is a non-related joint venture participant in a well presently operated by Alpetro, for cash consideration of $720,000.

ALPETRO RESOURCES LTD.

Suite 2240, 444 - 5th Avenue S.W.
Calgary, Alberta T2P 2T8

MANAGEMENT INFORMATION CIRCULAR
for the
Annual General Meeting of Shareholders
to be held on Friday, May 27, 2005

PURPOSE OF SOLICITATION

THIS MANAGEMENT INFORMATION CIRCULAR (THE "INFORMATION CIRCULAR") IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF ALPETRO RESOURCES LTD. (THE "CORPORATION") of proxies from the holders of common shares (the "Common Shares") for use at the annual general meeting of the shareholders of the Corporation (the "Meeting") to be held on Friday, May 27, 2005 at 10:00 a.m. (Calgary time) at the offices of the Corporation located at Suite 2240, 444 – 5th Avenue S.W., Calgary, Alberta, or at any adjournment thereof, for the purposes set out in the accompanying notice of meeting (the "Notice of Meeting").

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward proxy solicitation materials to the beneficial owners of the Common Shares (as defined below) held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the "Management Designees") in the accompanying instrument of proxy (the "Instrument of Proxy") have been selected by the board of directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy, the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy, and provide instructions on how the shareholder's Common Shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form).

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation's transfer agent, Computershare Trust Company of Canada ("Computershare"), Proxy Department, located at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, at least two (2) local business days prior to the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation located at Suite 1000, 665 – 8th Avenue S.W., Calgary, Alberta T2P 3K7, or with Computershare at the address set out above, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his or her Common Shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold their Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation maintained by Computershare as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the Beneficial Shareholder's name. Such Common Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.**

Applicable regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by his or her broker (or the agent of the broker) is substantially

similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications Corporation ("ADP"). ADP typically asks Beneficial Shareholders to return the proxy forms to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives an ADP voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to ADP (or instructions respecting the voting of Common Shares must otherwise be communicated to ADP) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for purposes of voting Common Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.**

All references to shareholders in this Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING OF PROXIES

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, or variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Corporation.

QUORUM

The By-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders if two holders of not less than five percent (5%) of the shares entitled to vote at a meeting of shareholders are present in person or by proxy

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. As at the effective date of this Information Circular (the "Effective Date"), which is April 19, 2005, the Corporation has 5,675,000 Common Shares without nominal or par value outstanding. The holders of Common Shares are entitled to one vote for each Common Share held.

The holders of Common Shares of record at the close of business on April 7, 2005 (the "Record Date") are entitled to vote such Common Shares at the Meeting, except to the extent that (a) such person transfers his or her shares after the Record Date; and (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes his or her ownership to the shares and makes a demand to Computershare not later than ten (10) days before the day of the Meeting that his or her name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his or her Common Shares at the Meeting.

To the knowledge of the directors and senior officers of the Corporation as at the Effective Date, the following table lists those persons who own of record or beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Common Shares that are entitled to vote at the Meeting:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares	Percentage of Common Shares Held
Nazrul Islam Calgary, Alberta	of record and beneficially	3,818,000	67.3

EXECUTIVE COMPENSATION

Compensation of Executive Officers

During the financial year ended December 31, 2004, the Corporation had only the following Named Executive Officers: its President and Chief Financial Officer (Nazrul Islam).

Summary Compensation

The following table sets out the aggregate remuneration the Corporation paid to its Named Executive Officers for the financial year ended December 31, 2004 and the two preceding financial years for services in all capacities rendered to the Corporation:

		Annual Compensation			Long-Term Compensation			
					Awards		Payouts	
Name and Position	Fiscal Period Ended	Salary ($/yr.)	Bonus ($)	Other Annual Compensation ($)	Securities Under Options [1]/SARs Granted [2] (#)	Restricted Shares or Restricted Share Units ($)	LTIP [2] Payouts ($)	All Other Compensation [4] ($)
Nazrul Islam President ad Chief Financial Officer	12/31/04	75,000	Nil	Nil	200,000	Nil	Nil	500
	12/31/03	75,000	Nil	Nil	200,000	Nil	Nil	500
	12/31/02	75,000	Nil	Nil	200,000	Nil	Nil	500

Notes:

(1) These options were granted under the Corporation's Stock Option Plan, and not as a separate form of remuneration available only to this individual (see "Equity Plan Compensation Information" below).

(2) "SARS" or "stock appreciation right" means a right granted by the Corporation as compensation for services rendered, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities of the Corporation. No SARs were granted by the Corporation to its Named Executive Officers during the financial year ended December 31, 2004.

(3) "LTIP" or "long term incentive plan" means any plan which provides compensation intended to serve as incentive for performance to occur over a period longer than one financial year, but does not include option or stock appreciation right plans or plans for compensation through restricted shares or restricted share units. The Corporation has not had, and does not presently have, any plans for providing compensation to Named Executive Officers intended to serve as incentive for performance, excluding options.

(4) Aggregate annual director's fees.

Equity Compensation Plan Information

The Corporation has a stock option plan (the "Plan") previously approved by the shareholders of the Corporation at the annual general meeting held June 4, 2004. The purpose of the Plan is to offer directors, officers, employees and consultants of the Corporation the opportunity to acquire a proprietary interest in the Corporation, thereby providing an incentive to such parties to promote the best interests of the Corporation and to provide the means to the Corporation to attract qualified persons.

The following table sets out the details of options and remaining securities available under the Plan as at the end of the fiscal year ended December 31, 2004:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a))
Equity compensation plans approved by securityholders	510,000	$0.16	57,500
Equity compensation plans not approved by securityholders	0	$0.000	0
Total:	510,000	$0.16	57,500

The policies of the TSX Venture Exchange require that the Plan be approved annually by the shareholders of the Corporation. The Plan is before the shareholders for re-approval as an item of business to be considered at the Meeting. See "Particulars of Matters to Be Acted Upon – Re-approval of Stock Option Plan".

Compensation of Directors

Directors of the Corporation are entitled to receive compensation in the amount of $250 per directors' and audit committee meeting for services rendered in such capacity. During the most recently completed financial year, the Corporation paid an aggregate of $2,000 in cash compensation (including salaries, directors' fees, commissions, bonuses paid for services rendered, bonuses paid for services rendered in a previous year, and any compensation other than bonuses earned by the directors for services rendered) to the directors for services rendered. Disclosure on compensation, including stock options, received by directors who are also Named Executive Officers is disclosed under the heading "Summary Compensation" above.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Corporation, a proposed nominee for election as a director, or an associate of any such director, executive officer or proposed nominee, is or has been since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or has had their indebtedness to another entity since the beginning of the most recently completed financial year, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding, provided by the Corporation. There is no indebtedness for security purchase programs or any other such programs.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Corporation, nominees for election as a director, any shareholder who beneficially owns more than 10% of the shares of the Corporation, or any known associate or affiliate of such persons in any transaction since the commencement of the Corporation's last completed financial period or in any proposed transaction which has materially affected or would materially affect the Corporation and which is not otherwise disclosed herein or has been disclosed in a previous information circular.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of the management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

AUDIT COMMITTEE

The Corporation's audit committee is composed of three directors: Nazrul Islam, William E. Richards and Robin Chan. Two of the three members of the audit committee may be considered to be independent and all are financially literate (as determined under Multilateral

Instrument 52-110 *Audit Committees*). The charter of the audit committee is set out as Schedule "B" to this Information Circular.

As a company listed on the TSX Venture Exchange, the Corporation is exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of Multilateral Instrument 52-110 *Audit Committees*.

Fees Charged by External Auditor

The following table sets out the aggregate fees billed by the Corporation's external auditors in each of the last two financial years for the category of fees described:

	2004	2003
Audit Fees	$18,500	$17,000
Audit-Related Fees	Nil	Nil
Tax Fees	$2,000	$2,000
All Other Fees	Nil	Nil
Total	$18,500	$19,000

MANAGEMENT CONTRACTS

All the Corporation's management functions are performed by its own directors and executive officers. Consequently, the Corporation has not entered into any management contracts or other arrangements with any other person or company, nor does the Corporation presently anticipate entering into any such contracts.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. To obtain copies of the Corporation's financial statements and Management's Discussion and Analysis, please contact Nazrul Islam, President at (403) 234-9006.

The financial information is provided in the Corporation's comparative financial statements and Management's Discussion and Analysis for its most recently completed financial year.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's directors, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

1. Financial Statements and Auditor's Report

Audited financial statements for the financial year ended December 31, 2004 and the report of the auditors thereon accompany this Information Circular. The presentation of such audited financial statements to the shareholders at the Meeting will not constitute a request for approval or disapproval.

2. Fix Number of Directors to be Elected at Meeting

The board of directors of the Corporation currently consists of four (4) directors, all of whom are elected annually. The term of office for each of the present directors of the Corporation expires at the Meeting. It is proposed that the number of directors to be elected at the Meeting, for the ensuing year, be fixed at five (5). At the Meeting, the shareholders of the Corporation will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5). **Unless otherwise directed, the persons named in the enclosed Instrument of Proxy as Management Designees intend to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).**

3. Election of Directors

Unless otherwise directed, the persons named in the enclosed Instrument of Proxy as Management Designees intend to vote for the election of the nominees whose names appear in the table below to the board of directors. The management of the Corporation has no reason to believe that any of such nominees will be unable to serve as directors, but, should one or more of such nominees become unable to serve as directors prior to the Meeting, **the persons named in the enclosed Instrument of Proxy as Management Designees intend to vote for another nominee or nominees, as the case may be, in their discretion**. Shareholders executing the Instrument of Proxy who do not wish their Common Shares to be voted in this manner should indicate that their Common Shares are to be withheld from voting in the election of directors, in the appropriate place on the Instrument of Proxy. Each director elected will hold office until the next annual general meeting of the Corporation or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the By-laws of the Corporation or with the provisions of the *Business Corporations Act* (Alberta).

The following information relating to the nominees as directors is based on information received by the Corporation from such nominees:

Name of Proposed Nominees and Positions with the Corporation	Principal Occupation	Director Since	Common Shares Beneficially Owned
Nazrul Islam (1) (2) *President, Chief Executive Officer, Chief Financial Officer and Director* Calgary, Alberta	President, Chief Executive Officer, Treasurer and Chief Financial Officer of the Corporation	1994	3,818,000
Robert M. Boyer *Secretary and Director* Calgary, Alberta	Member of Spier Harben, Barristers and Solicitors	1994	Nil
William E. Richards (2) *Director* Calgary, Alberta	Manages own investments including acquisitions in the oil and gas sector. Currently, Chairman of the Canada-Bangladesh trade group, Chief Executive Officer of Geopetriol International (1993) Ltd. and a director of Maxx Petroleum Ltd.	1996	125,000
Robin Chan (1)(3) *Director* Calgary, Alberta	Senior Accountant and Controller for Invasion Energy Inc., a private Alberta oil and gas company	2002	Nil
David Kiddle (1) (2) *Director* Calgary, Alberta	Independent landman operating as Davron Enterprises	2005	Nil

Notes: (1) Current member of the Corporation's audit committee. The Corporation does not have an executive committee or a compensation committee.
(2) Proposed member of the Corporation's audit committee.
(3) Proposed Chief Financial Officer.

4. Appointment of Auditors

Hudson & Company LLP, Chartered Accountants of Calgary, Alberta ("Hudson") were appointed auditors of the Corporation at the last annual general meeting of shareholders held on June 4, 2004. Hudson have been the auditors of the Corporation since January 31, 1995.

The Corporation is proposing to appoint Hudson as auditors of the Corporation for the ensuing year, until the next annual meeting of shareholders. **Unless otherwise directed, the persons named in the enclosed Instrument of Proxy as Management Designees intend to vote for the appointment of Hudson as auditors of the Corporation for the next ensuing year**, to hold office until the close of the next annual general meeting of shareholders or until Hudson is removed from office or resigns as provided by the Corporation's By-laws, at a remuneration to be fixed by the board of directors.

5. Re-approval of Stock Option Plan

In August 2002, the TSX Venture Exchange (the "Exchange") amended its policies to require that all listed companies adopt a stock option plan. At the Corporation's last annual general meeting, held on June 4, 2004, the shareholders of the Corporation approved the Corporation's current Plan. Under the Plan, the Corporation's board of directors may grant up to 10% of the issued number of shares outstanding at the date of the stock option grant. On this basis, the Plan has been operated as a "Rolling Plan" which must be re-approved on an annual basis. Accordingly, shareholders will be asked at the Meeting to vote on a resolution to re-approve and adopt the Plan as a Rolling Plan for the ensuing year, in the form attached as Schedule "A" hereto (the "2005 Plan").

The 2005 Plan provides that the board of directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. The 2005 Plan provides for a floating maximum limit of 10% of the outstanding Common Shares, as permitted by the Policies of the Exchange. As at the date hereof, this represents 567,500 Common Shares available under the 2005 Plan. To date, options to purchase a total of 510,000 Common Shares have been issued to directors, officers, employees and consultants of the Corporation.

The number of Common Shares reserved for any one person may not exceed 5% of the outstanding Common Shares. The board of directors determines the price per Common Share and the number of Common Shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of the Exchange. The price per Common Share set by the directors is subject to minimum pricing restrictions set by the Exchange.

Options may be exercisable for up to five years from the date of grant, but the board of directors has the discretion to grant options that are exercisable for a shorter period. Options under the 2005 Plan are non-assignable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the option shall be limited to the number of Common Shares purchasable by him immediately prior to the time of his cessation of office or employment and he shall have no right to purchase any other Common Shares. Options must

be exercised within ninety days of termination of employment or cessation of position with the Corporation (thirty days in the case of a person engaged in investor relations), provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option must be exercised within one year, subject to the expiry date.

A complete copy of the 2005 Plan is attached as Schedule "A" to this Information Circular. The Plan is subject to approval by the Exchange and subject to approval by the shareholders of the Corporation, as required by the rules of the Exchange.

At the Meeting, the shareholders will be asked to approve the following resolution:

"BE IT RESOLVED THAT:

(a) the stock option plan of the Corporation, as described in and attached as Schedule "A" to the Information Circular of the Corporation dated April 19, 2005 (the "2005 Plan"), be and is hereby approved and adopted as the stock option plan of the Corporation;

(b) the 2005 Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;

(c) all issued and outstanding stock options previously granted are continued under and governed by the 2005 Plan, and are hereby ratified, confirmed and approved;

(b) any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to make all such arrangements, to do all acts and things, and to execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to this ordinary resolution."

The resolution must be approved by a simple majority of the votes cast at the meeting by the holders of Common Shares. If the Plan is not approved by the shareholders, the Corporation will have to consider other methods of compensating and providing incentives to directors, officers, employees and consultants.

Unless otherwise directed, If named as proxy, the persons named in the enclosed Instrument of Proxy as Management Designees intend to vote for approval of the 2004 Plan.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

GENERAL

All matters referred to herein for approval by the shareholders require a simple majority of the shareholders voting, in person or by proxy, at the Meeting.

The contents and sending of this Information Circular have been approved by the board of directors of the Corporation.

"Nazrul Islam"
Nazrul Islam
President and Chief Executive Officer

Calgary, Alberta
April 19, 2005

SCHEDULE "A"

2005 STOCK OPTION PLAN

ALPETRO RESOURCES LTD.

1. The Plan

A stock option plan (the "Plan"), pursuant to which options to purchase common shares, or such other shares as may be substituted therefor, (the "Shares"), in the capital of Alpetro Resources Ltd. (the "Corporation"), may be granted to the directors, officers and employees of the Corporation and to consultants retained by the Corporation, is hereby established on the terms and conditions set forth herein.

2. Purpose

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and employees of the Corporation and consultants retained by the Corporation to acquire Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally; (iii) encouraging such persons to remain associated with the Corporation; (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation and attracting new employees, officers, directors and consultants.

3. Administration

(a) This Plan shall be administered by the board of directors of the Corporation (the "Board").

(b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as defined in paragraph 3(d) hereof), all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to: (i) construe and interpret this Plan and all option agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.

(c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the President or any other officer of the Corporation. Whenever used herein, the term "Board" shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated responsibility and/or authority relating to the Plan or the administration and operation of the Plan pursuant to this Section 3.

(d) Options to purchase the Shares granted hereunder ("Options") shall be evidenced by (i) an agreement, signed on behalf of the Corporation and by the person to whom an

Option is granted, which agreement shall be in such form as the Board shall approve, or (ii) a written notice or other instrument, signed by the Corporation, setting forth the material attributes of the Options.

4. Shares Subject to the Plan

(a) Subject to Section 15, the securities that may be acquired by Participants (as hereinafter defined) upon the exercise of Options shall consist of authorized but unissued Shares. Whenever used herein, the term "Shares" shall be deemed to include any other securities that may be acquired by a Participant upon the exercise of an Option the terms of which have been modified in accordance with Section 15.

(b) The aggregate number of Shares reserved for issuance under the Plan shall not exceed 10% of the number of all of the then outstanding Shares unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are then listed to exceed such threshold.

(c) If any option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any unpurchased Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

5. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of the Plan ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the Corporation's obligations under all outstanding Options granted pursuant to this Plan.

6. Eligibility and Participation

(a) The Board may, in its discretion, select any of the following persons to participate in the Plan:

(i) directors of the Corporation;

(ii) officers of the Corporation;

(iii) employees of the Corporation; and

(iv) consultants retained by the Corporation, provided such consultants have performed and/or continue to perform services for the Corporation on an ongoing basis or are expected to provide a service of value to the Corporation;

(any such person having been selected for participation in the Plan by the Board is herein referred to as a "Participant").

The Corporation represents that directors, officers, employees and consultants granted Options under this Plan are *bona fide* directors, officers, employees or consultants of the Corporation.

(b) The Board may from time to time, in its discretion, grant an option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the

terms, conditions and limitations set forth herein, provided that Options granted to any Participant shall be approved by the shareholders of the Corporation if the rules of any stock exchange on which the Shares are listed require such approval.

7. Exercise Price

The Board shall, at the time an Option is granted under the Plan, fix the exercise price at which Shares may be acquired upon the exercise of any such Option provided that such exercise price shall not be less than that from time to time permitted under the rules of any stock exchange or exchanges on which the Shares are then listed. Disinterested shareholder approval will be obtained for any reductions in the exercise price if the Participant is an insider of the Corporation at the time of the proposed amendment.

8. Number of Optioned Shares

The number of Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted, provided that: (i) the aggregate number of Shares reserved for issuance to any one Participant under this Plan or any other plan of the Corporation, shall not exceed 5% of the total number of issued and outstanding Shares (calculated on a non-diluted basis) in any 12 month period; (ii) Options granted to a Participant who is a consultant shall not exceed 2% of the issued and outstanding Shares (calculated on a non-diluted basis) in any 12 month period; and (iii) Options granted to a Participant who is an employee engaged in investor relation activities shall not exceed 2% of the issued and outstanding Shares (calculated on a non-diluted basis) in any 12 month period, unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are listed to exceed such thresholds.

9. Term

The period during which an Option may be exercised (the "Option Period") shall be determined by the Board at the time the Option is granted, subject to any vesting limitations which may be imposed by the Board in its sole unfettered discretion at the time such Option is granted under Sections 11, 12 and 16, provided that:

(a) no Option shall be exercisable for a period exceeding five (5) years from the date the Option is granted unless otherwise specifically provided by the Board, and in any event, no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted;

(b) no Option in respect of which shareholder approval is required under the rules of any stock exchange or exchanges on which the Shares are then listed shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation; and

(c) the Board may, subject to the receipt of any necessary regulatory approvals, in its sole discretion, accelerate the time at which any Option may be exercised, in whole or in part.

10. Method of Exercise of Option

(a) Except as set forth in Sections 11 and 12 or as otherwise determined by the Board, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a director, officer, employee or consultant of the Corporation.

(b) Options that are otherwise exercisable in accordance with the terms thereof may be exercised in whole or in part from time to time.

(c) Any Participant (or his legal, personal representative) wishing to exercise an Option shall deliver to the Corporation, at its principal office in the City of Calgary, Alberta:

(i) a written notice expressing the intention of such Participant (or his legal, personal representative) to exercise his Option and specifying the number of Shares in respect of which the Option is exercised; and

(ii) a cash payment, certified cheque or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised.

(d) Upon the exercise of an Option as herein provided, the Corporation shall use reasonable efforts to forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares in respect of which the Option has been duly exercised.

11. Ceasing to be a Director, Officer, Employee or Consultant

If any Participant is terminated by the Corporation from his position or positions of director, officer, employee or consultant of the Corporation (as the case may be) for any reason other than death or permanent disability, his Option will expire and terminate at 4:00 p.m. (Calgary time) on the earlier of the date of the expiration of the Option Period and 90 days after the date such Participant ceases to hold the position or positions of director, officer, employee or consultant of the Corporation, as the case may be, unless such Participant was engaged in investor relations activities, in which case his Option will expire and terminate at 4:00 p.m. (Calgary time) on the earlier of the date of the expiration of the Option Period and 30 days after the date such Participant ceases to be engaged in investor relations activities. If, on the other hand, any Participant terminates, at his own discretion, his position or positions of director, officer, employee or consultant of the Corporation (as the case may be) for any reason other than death or permanent disability, his Option will expire and terminate at 4:00 p.m. (Calgary time) on the date such Participant ceases to hold the position or positions of director, officer, employee or consultant of the Corporation, as the case may be.

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall (i) confer upon such Participant any right to continue as a director, officer, employee or consultant of the Corporation, as the case may be; or (ii) be construed as a guarantee that the Participant will continue as a director, officer, employee or consultant of the Corporation, as the case may be.

12. Death or Permanent Disability of a Participant

In the event of the death or permanent disability of a Participant, any Option previously granted to him shall be exercisable until the end of the Option Period or until the expiration of 12 months after the date of death or permanent disability of such Participant, whichever is earlier, and then, in the event of death or permanent disability, only:

(a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will, enduring power of attorney, or applicable law; and

(b) to the extent that he was entitled to exercise the Option as at the date of his death or permanent disability.

13. Rights of Participants

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until such Shares have been paid for in full and issued to such person.

14. Proceeds from Exercise of Options

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine and direct.

15. Adjustments

(a) The number of Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Corporation, and in any such event a corresponding adjustment shall be made to the number of Shares deliverable upon the exercise of any Option granted prior to such event without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share that may be acquired upon the exercise of the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under this Plan and to prevent any dilution or enlargement of the same.

(b) Adjustments under this Section 15 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued upon the exercise of an Option following the making of any such adjustment.

16. Change of Control

Notwithstanding the provisions of Section 11 or any vesting restrictions otherwise applicable to the relevant Options, in the event of a sale by the Corporation of all or substantially all of its assets or in the event of a change of control of the Corporation, each Participant shall be entitled to exercise, in whole or in part, the Options granted to such Participant hereunder, either during the term of the Option or within 90 days after the date of the sale or change of control, whichever first occurs.

For the purpose of this Plan, "change of control" of the Corporation means and shall be deemed to have occurred upon:

(a) the acceptance by the holders of Shares of the Corporation, representing in the aggregate, more than 50% of all issued Shares of the Corporation, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Shares of the Corporation; or

(b) the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired), directly or indirectly, of beneficial ownership of such number of Shares or rights to Shares of the Corporation, which together with such person's then owned Shares and rights to Shares, if any, represent (assuming the full exercise of such rights to voting securities) more than 50% of the combined voting rights of the Corporation's then outstanding Shares; or

(c) the entering into of any agreement by the Corporation to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; or

(d) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets or wind-up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and where the shareholdings remain substantially the same following the re-arrangement); or

(e) individuals who were members of the Board of the Corporation immediately prior to a meeting of the shareholders of the Corporation involving a contest for or an item of business relating to the election of directors, not constituting a majority of the Board following such election.

17. Transferability

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of this Plan shall be non-transferable and non-assignable unless specifically provided herein. During the lifetime of a Participant, any Options granted hereunder may only be exercised by the Participant and in the event of the death or permanent disability of a Participant, by the person or persons to whom the Participant's rights under the Option pas by the Participant's will, enduring power of attorney or applicable law.

18. Amendment and Termination of Plan

The Board may, at any time, suspend or terminate the Plan. The Board may also, at any time, amend or revise the terms of this Plan, subject to the receipt of all necessary regulatory approvals, provided that no such amendment or revision shall alter the terms of any Option theretofore granted under this Plan.

19. Necessary Approvals

The obligation of the Corporation to issue and deliver Shares in accordance with this Plan and Options granted hereunder is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to a Participant upon the exercise of an Option for any reason whatsoever, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable.

20. Stock Exchange Rules

This Plan and any option agreements or other instruments entered into hereunder shall comply with the requirements from time to time of the stock exchange or exchanges on which the Shares are listed.

21. Right to Issue Other Shares

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

22. Notice

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid or delivered by courier or by facsimile transmission addressed, if to the Corporation, at its principal address in Calgary, Alberta (Attention: the President); or if to a Participant, to such Participant at his address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

23. Gender

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

24. Interpretation

This Plan will be governed by and construed in accordance with the laws of the Province of Alberta.

SCHEDULE "B"

AUDIT COMMITTEE CHARTER

ALPETRO RESOURCES LTD.

1. Mandate

The audit committee will assist the board of directors (the "Board") in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company's business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements

Annual Financial Statements

(c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;

(d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and

(e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

(f) review and approve the interim financial statements prior to their release to the public; and

(g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

(h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

(a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

(b) the audit committee may satisfy the requirement for the pre-approval of non-audit services if:

(i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or